STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL 2035

By: Beutler, Bonny, Matlock, Seikel, Hilliard, Hiett, Adair, Boyd, Bryant, Claunch, Coleman, Covey, Dank, Ferguson, Greenwood, Hefner, Liotta, Maddux, Miller, Mitchell, Morgan, Piatt, Pope (Clay), Reese, Smith (Dale), Stites, Tyler, Vaughn and Wright of the House

and

Wilkerson of the Senate

COMMITTEE SUBSTITUTE

[revenue and taxation - taxation of elected farm income - codification -

effective date]

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2358.4 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning after December 31, 2000, at the election of an individual engaged in a farming business, the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for such taxable year shall be equal to the sum of:

1. A tax computed under such section on taxable income reduced by elected farm income; and

2. The increase in tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes which would result if taxable income for each

of the three (3) prior taxable years were increased by an amount equal to one-third (1/3) of the elected farm income.

Any adjustment under this section for any taxable year shall be taken into account in applying this section for any subsequent taxable year.

B. As used in this section:

1. "Elected farm income" means so much of the taxable income for the taxable year which is attributable to any farming business, and which is specified in the election under subsection A of this section. For purposes of this paragraph, a gain from the sale or other disposition of property, other than land, regularly used by the taxpayer in such a farming business for a substantial period shall be treated as attributable to such a farming business;

2. "Individual" shall not mean or include any estate or trust; and

3. "Farming business" shall have the same meaning as the term is defined in the Internal Revenue Code, 26 U.S.C., Section 263A(e)(4).

C. The Oklahoma Tax Commission shall promulgate any necessary rules to implement the provisions of this section.

SECTION 2. This act shall become effective January 1, 2001.

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